

Product and Risk Description

Purpose

This document provides you with key information about this product. The information is intended to help you understand the nature, risks, costs, potential gains and losses of this product.

Summary

Product name	Securities Finance - Secured Loan (SMTLA)
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	06.09.24

What is this product?

Description

Secured Master Term Loan Agreement (SMTLA) is a product that enables the customer to participate in securities-for-cash transactions with Nordea. The use of the product is initiated by the customer and based on the customer's financing needs. The customer receives cash and posts eligible collateral according to Nordea's credit and collateral policy such as equities, bonds or fund units into a pledged account held at Nordea. The eligible collateral must at all times be equal to at least 100% of the loan value, adjusted by a collateral haircut (in percent) agreed between the two parties. The loans are margined on a day-to-day basis by adjusting the collateral according to the terms agreed. In case the customer fails to post additional collateral for the margin call, Nordea has a right to liquidate the pledged securities to cover the lost payment of margin calls. At the date of maturity of the loan both parties must reverse their commitments. The cash lent will always be repaid with interest. The interest rate will either be a fixed or floating rate and payable monthly via an invoice. Terms will be negotiated between Nordea and the customer. A secured loan under the SMTLA can also have specific purpose of the use of the net proceeds. Such a specific purpose could be with a green/sustainable use of the net proceeds. In the event that a secured loan is to be used for green specific purposes this is per loan regulated in the SMTLA and with the requirement that it follows Nordea's Green policy.

As the collateral is held on a pledged depot in the name of the customer Nordea has no right to use the posted collateral during the period of the loan. Legally the loan is subject to the terms and clauses of the SMTLA which specifies the obligations between the two trading counterparties. The customer receives cash and posts collateral in a custody account which Nordea can access in the event of failed margin call or the customer's default. It is the customers responsibility to be aware of and ensure compliance with any regulatory requirements in regards to being owner of securities and pledging of those assets.

Intended investor

The product Securities Finance - Secured Loan (SMTLA) is aimed at professional clients and eligible counterparties. The Securities Finance - Secured Loan (SMTLA) is a product for .*

What are the risks and what could I get in return?

The summary risk indicator is a guide to the level of risk of this product compared to other products with a similar risk profile sold by Nordea. It shows that the potential risks that the product will lose money because of movements in the markets or because the issuer of this product or the counterparty (which may be Nordea), as applicable, is not able to pay you. We have classified this product as 4 out of 7, which is a medium risk class. The risk and profit/loss descriptions relate to this product only. If this product is combined with other products or commercial positions, the total portfolio will have a significantly different profile than the one for this product alone.

The risk associated with a securities finance secured loan consists of potentially large fluctuations in the value of the posted collateral. A negative change in the collateral value will force the customer to post more collateral to Nordea to keep the existing loan or repay partial or full loan amount. The customer must at all times ensure that there is additional collateral available to be posted in the form of cash or eligible securities. In the event where the customer draws a Green Secured loan it is the customer responsibility to provide Nordea with the agreed documents supporting the Green drawdown as specified in the SMTLA. "Green Washing" is seen as violation of the SMTLA which can have legal consequences.

In the event where the client fails to deliver sufficient collateral and or repay the loan according to the standards in the SMTLA Nordea have the full right to sell partial or full pledged collateral holdings to net the outstanding loan amount. The customer risk then not only to loose the invested amount but also any outstanding's of the loan amount in connection to the sale of the pledged securities. The customer bear the full market risk of the pledged securities.

If the loan and the posted collateral are denominated in different currencies, the secured loan includes a currency risk. A strengthening of the loan denominated currency against the currency of the collateral placed will imply a margin call since the collateral will be relatively lower valued. The product involves interest rate risk since the cash loan is repaid with interest.

Securities Finance - Secured Loan (SMTLA)		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
Not applicable	Not applicable	Not applicable

What happens if Nordea Bank Abp is unable to pay out?

You are exposed to the risk that the issuer of this product or the counterparty (which may be Nordea), as applicable, might be unable to fulfil its obligations in respect of the product e.g. in the event of insolvency, an administrative order or bail-in.

What are the costs?

The total costs take into account one-off, on-going, transaction, ancillary and incidental costs.

They include potential early exit penalties. The figures assume you invest 100,000 EUR nominal. The figures are estimates and may change in the future.

The costs charge for the investment is dependent on the risks associated with the transaction and the term of the investment.

We may include additional costs and charges on a case by case basis. If so, Nordea will provide you with information about these costs and charges prior to the point of sale, and will explain the impact that these costs will have on your investment over time.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	1000
% p.a. of nominal	1.0

Composition of costs on purchase of the product

Detailed Costs	Description	Amount in EUR	%
One-off costs	All costs and charges relating to the handling of the financial instrument paid to product suppliers as an entry cost or exit cost.	0	0
Ongoing costs	All on-going costs and charges that are related to the management of the financial instrument and deducted from the value of the financial instrument during the holding period of the investment in the financial instrument.	0	0
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	0	0
Ancillary services	Any other costs and charges tied to servicing the financial instrument during the holding period of the financial instrument – such as research commissions.	0	0
Incidental costs	Any costs and charges tied to events during the holding period of the financial instrument – such as performance fees.	0	0

How to contact Nordea

If you need to get in contact with Nordea, you can either visit this website <https://www.nordea.fi/en/personal/get-help/tell-us-what-you-think-about-our-services.html> or write to us at Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki.